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A LIMITED LIABILITY PARTNERSHIP

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TN REGULATORY AUTHORITY  
DOCKET ROOM

PAID T.R.A.

Chk # 7661

Amount 25.00

Rcvd By JR

Date 2-10-03

DIRECT LINE: (202) 887-1284

EMAIL: hhendrickson@kelleydrye.com

February 7, 2003

VIA FEDERAL EXPRESS

Mr. David Waddell, Executive Secretary  
Tennessee Regulatory Authority  
460 James Robertson Parkway  
Nashville, Tennessee 37243

DOCKET NO.

03-00121

Re: Application for Approval of the Relinquishment of Positive Voting  
Control of NewSouth Holdings, Inc., Sole Shareholder of NewSouth  
Communications Corp., by NHSI Ventures LLC

Dear Mr. Waddell:

Enclosed please find an original and thirteen (13) copies of the above-captioned Application for filing with the Tennessee Regulatory Authority. A \$25.00 check is also enclosed to cover the requisite filing fee for the Application. Also enclosed is a duplicate copy of this filing, and a self-addressed, postage-paid envelope. Please date-stamp the duplicate upon receipt and return it in the envelope provided. Should you have any questions concerning this matter, please contact the undersigned at the above number.

Respectfully submitted,

Heather T. Hendrickson

Heather T. Hendrickson

Enclosures

1997, 1998, 1999, 2000, 2001, 2002, 2003, 2004, 2005, 2006, 2007, 2008, 2009, 2010, 2011, 2012, 2013, 2014, 2015, 2016, 2017, 2018, 2019, 2020, 2021, 2022, 2023, 2024, 2025, 2026, 2027, 2028, 2029, 2030, 2031, 2032, 2033, 2034, 2035, 2036, 2037, 2038, 2039, 2040, 2041, 2042, 2043, 2044, 2045, 2046, 2047, 2048, 2049, 2050, 2051, 2052, 2053, 2054, 2055, 2056, 2057, 2058, 2059, 2060, 2061, 2062, 2063, 2064, 2065, 2066, 2067, 2068, 2069, 2070, 2071, 2072, 2073, 2074, 2075, 2076, 2077, 2078, 2079, 2080, 2081, 2082, 2083, 2084, 2085, 2086, 2087, 2088, 2089, 2090, 2091, 2092, 2093, 2094, 2095, 2096, 2097, 2098, 2099, 2100, 2101, 2102, 2103, 2104, 2105, 2106, 2107, 2108, 2109, 2110, 2111, 2112, 2113, 2114, 2115, 2116, 2117, 2118, 2119, 2120, 2121, 2122, 2123, 2124, 2125, 2126, 2127, 2128, 2129, 2130, 2131, 2132, 2133, 2134, 2135, 2136, 2137, 2138, 2139, 2140, 2141, 2142, 2143, 2144, 2145, 2146, 2147, 2148, 2149, 2150, 2151, 2152, 2153, 2154, 2155, 2156, 2157, 2158, 2159, 2160, 2161, 2162, 2163, 2164, 2165, 2166, 2167, 2168, 2169, 2170, 2171, 2172, 2173, 2174, 2175, 2176, 2177, 2178, 2179, 2180, 2181, 2182, 2183, 2184, 2185, 2186, 2187, 2188, 2189, 2190, 2191, 2192, 2193, 2194, 2195, 2196, 2197, 2198, 2199, 2200, 2201, 2202, 2203, 2204, 2205, 2206, 2207, 2208, 2209, 2210, 2211, 2212, 2213, 2214, 2215, 2216, 2217, 2218, 2219, 2220, 2221, 2222, 2223, 2224, 2225, 2226, 2227, 2228, 2229, 2230, 2231, 2232, 2233, 2234, 2235, 2236, 2237, 2238, 2239, 2240, 2241, 2242, 2243, 2244, 2245, 2246, 2247, 2248, 2249, 2250, 2251, 2252, 2253, 2254, 2255, 2256, 2257, 2258, 2259, 2260, 2261, 2262, 2263, 2264, 2265, 2266, 2267, 2268, 2269, 2270, 2271, 2272, 2273, 2274, 2275, 2276, 2277, 2278, 2279, 2280, 2281, 2282, 2283, 2284, 2285, 2286, 2287, 2288, 2289, 2290, 2291, 2292, 2293, 2294, 2295, 2296, 2297, 2298, 2299, 2300, 2301, 2302, 2303, 2304, 2305, 2306, 2307, 2308, 2309, 2310, 2311, 2312, 2313, 2314, 2315, 2316, 2317, 2318, 2319, 2320, 2321, 2322, 2323, 2324, 2325, 2326, 2327, 2328, 2329, 2330, 2331, 2332, 2333, 2334, 2335, 2336, 2337, 2338, 2339, 2340, 2341, 2342, 2343, 2344, 2345, 2346, 2347, 2348, 2349, 2350, 2351, 2352, 2353, 2354, 2355, 2356, 2357, 2358, 2359, 2360, 2361, 2362, 2363, 2364, 2365, 2366, 2367, 2368, 2369, 2370, 2371, 2372, 2373, 2374, 2375, 2376, 2377, 2378, 2379, 2380, 2381, 2382, 2383, 2384, 2385, 2386, 2387, 2388, 2389, 2390, 2391, 2392, 2393, 2394, 2395, 2396, 2397, 2398, 2399, 2400, 2401, 2402, 2403, 2404, 2405, 2406, 2407, 2408, 2409, 2410, 2411, 2412, 2413, 2414, 2415, 2416, 2417, 2418, 2419, 2420, 2421, 2422, 2423, 2424, 2425, 2426, 2427, 2428, 2429, 2430, 2431, 2432, 2433, 2434, 2435, 2436, 2437, 2438, 2439, 2440, 2441, 2442, 2443, 2444, 2445, 2446, 2447, 2448, 2449, 2450, 2451, 2452, 2453, 2454, 2455, 2456, 2457, 2458, 2459, 2460, 2461, 2462, 2463, 2464, 2465, 2466, 2467, 2468, 2469, 2470, 2471, 2472, 2473, 2474, 2475, 2476, 2477, 2478, 2479, 2480, 2481, 2482, 2483, 2484, 2485, 2486, 2487, 2488, 2489, 2490, 2491, 2492, 2493, 2494, 2495, 2496, 2497, 2498, 2499, 2500, 2501, 2502, 2503, 2504, 2505, 2506, 2507, 2508, 2509, 2510, 2511, 2512, 2513, 2514, 2515, 2516, 2517, 2518, 2519, 2520, 2521, 2522, 2523, 2524, 2525, 2526, 2527, 2528, 2529, 2530, 2531, 2532, 2533, 2534, 2535, 2536, 2537, 2538, 2539, 2540, 2541, 2542, 2543, 2544, 2545, 2546, 2547, 2548, 2549, 2550, 2551, 2552, 2553, 2554, 2555, 2556, 2557, 2558, 2559, 2560, 2561, 2562, 2563, 2564, 2565, 2566, 2567, 2568, 2569, 2570, 2571, 2572, 2573, 2574, 2575, 2576, 2577, 2578, 2579, 2580, 2581, 2582, 2583, 2584, 2585, 2586, 2587, 2588, 2589, 2590, 2591, 2592, 2593, 2594, 2595, 2596, 2597, 2598, 2599, 2600, 2601, 2602, 2603, 2604, 2605, 2606, 2607, 2608, 2609, 2610, 2611, 2612, 2613, 2614, 2615, 2616, 2617, 2618, 2619, 2620, 2621, 2622, 2623, 2624, 2625, 2626, 2627, 2628, 2629, 2630, 2631, 2632, 2633, 2634, 2635, 2636, 2637, 2638, 2639, 2640, 2641, 2642, 2643, 2644, 2645, 2646, 2647, 2648, 2649, 2650, 2651, 2652, 2653, 2654, 2655, 2656, 2657, 2658, 2659, 2660, 2661, 2662, 2663, 2664, 2665, 2666, 2667, 2668, 2669, 2670, 2671, 2672, 2673, 2674, 2675, 2676, 2677, 2678, 26

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**1.**

M/C Venture Partners V, L.P., M/C Venture Investors L.L.C., and Chestnut Venture Partners, L.P., (together "MC Partners") will hold approximately 19% (together, existing and new investors will be referred to as the "Investors").<sup>1</sup> As noted, this change in stock ownership is part of Holdings' planned restructuring that involves the modification of Holdings' existing credit facility, the conversion of all of the existing preferred equity and outstanding subordinated notes into new common equity, a reverse stock split of all of the existing common equity and the purchase of new voting stock in Holdings by existing and new shareholders, which will provide substantial new funding for the Company. The Investors will hold their interests independently of one another and have no agreement to act in concert with respect to the future operations of Holdings and its subsidiaries, except with respect to the election of Directors, as set forth below. Accordingly, no party will be able to unilaterally control Holdings after the transfer of control.

Upon completion of the restructuring, NewSouth will continue to be 100% owned by Holdings. Because the change in ownership will take place at the parent level, the transaction does not involve the sale of the stock of the utility – NewSouth – or of its assets or the transfer of the operating authority issued to it by this Commission. Thus, NewSouth will continue throughout the restructuring process, and after the consummation of the transactions described, to provide the same high quality services as it always has in an uninterrupted manner under its same name and pursuant to its existing authorizations and tariffs. Accordingly, the contemplated transaction will be transparent to customers in **Tennessee**. In support of this Application, the parties provide the following information:

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<sup>1</sup> An organizational chart reflecting the ownership of Holdings before and after the proposed restructuring is attached hereto as *Exhibit 1*.

## 2. THE PARTIES TO THE TRANSACTION

**NewSouth & Holdings.** NewSouth, a Delaware corporation, is a wholly owned subsidiary of Holdings, a privately-held Delaware corporation. NewSouth and Holdings are headquartered at Two North Main Street, Greenville, SC 29601. NewSouth is a non-dominant, rapidly growing communications services provider offering various telecommunications services to end user customers, primarily business customers. NewSouth operates, depending on the market and services offered, as a facilities-based or non-facilities-based carrier.

NewSouth primarily markets its services in the southern United States where it generally has both local and interexchange authority. NewSouth is authorized to provide intrastate toll in 13 states, including Tennessee, and is authorized to provide local exchange services in 9 states, including Tennessee. NewSouth's intrastate operations are expected to continue to grow, although they will not be concentrated in any particular state. Where NewSouth has only interexchange authority, its services are used primarily by persons placing calls using NewSouth's travel card or are branch locations of NewSouth customers in other states. NewSouth also is authorized by the FCC to provide domestic interstate and international telecommunications service.

**Ventures.** Ventures is a Delaware limited liability company formed specifically to invest in Holdings and acquired control of Holdings in the year 2001.<sup>2</sup> Ventures has no other business interests. Ventures' address is c/o Kohlberg Kravis Roberts & Co. L.P., 2800 Sand Hill Road, Suite 200 Menlo Park, CA 94025.

The officers of Ventures are the following:

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<sup>2</sup> The FCC approved that transaction on February 21, 2001. FCC File Number ITCT/C2001013100057.

James H. Greene, Jr. - Chief Executive Officer  
Alexander Navab - President  
Adam Clammer - Vice President, Secretary and Assistant Treasurer  
Thomas Uger - Vice President, Treasurer and Assistant Secretary  
William J. Janetschek - Assistant Secretary

As reported at the time Ventures acquired control of Holdings, Ventures' managing member and 98% owner is KKR 1996 Fund L.P., a Delaware limited partnership ("Fund L.P."), located at 9 West 57<sup>th</sup> Street, New York, NY 10019. This is an investment fund with the two largest limited partnership interests of approximately 13% each being held by two state retirement funds. No other partner, general or limited, holds a 10% or greater interest in Fund L.P. The sole general partner of Fund L.P. is KKR Associates 1996 L.P., a Delaware limited partnership ("Associates L.P."). The sole general partner of Associates L.P. is KKR 1996 GP LLC, a Delaware limited liability company, whose managers are Henry R. Kravis and George R. Roberts.<sup>3</sup> All of the above entities are affiliated with Kohlberg Kravis Roberts & Co. L.P. ("KKR"), a private investment firm that makes equity investments through various entities for itself and its investors. For additional information about KKR, please see its website at [www.kkr.com](http://www.kkr.com).

**MC Partners.** M/C Venture Partners V, L.P. is a Delaware limited partnership that invests primarily in early-stage telecommunications and IT services companies.<sup>4</sup> Its address is 75 State Street, suite 2500, Boston, MA 02109. Two state retirement funds hold a 13.6% and 11.8% interest respectively in M/C Venture Partners V, L.P. M/C Venture Partners V, L.P. is

<sup>3</sup> Entities affiliated with KKR formerly controlled a majority interest in Birch Telecom, Inc., a telecommunications company operating primarily in the Midwest. These entities no longer retain any interest in Birch.

<sup>4</sup> MC Partners also owns an approximate 28% interest in Cavalier Telephone Corporation and 71% interest in Florida Digital Network, Inc.. Cavalier Telephone Corporation offers telephone and data services to several communities in the Mid-Atlantic and Eastern regions of the United States. Florida Digital Network, Inc. offers telephone and data services to several communities in the State of Florida.

controlled by its general partner, M/C VP V, L.L.C, a Massachusetts limited liability company located at the same address as M/C Venture Partners V, L.P. The managers of M/C VP V, L.L.C. are James F. Wade, David D. Croll, Peter H.O. Claudy, and Matthew J. Rubins.

M/C Venture Investors L.L.C., and Chestnut Venture Partners, L.P., will each own a less than 1% interest in Holdings. M/C Venture Investors L.L.C. is ultimately controlled by the same managers as M/C VP V, L.L.C.: namely, Messrs. Wade, Croll and Claudy. Chestnut Venture Partners, L.P. is ultimately controlled by David D. Croll who is also a manager of M/C VP V, L.L.C. No partner in M/C Venture Partners V, L.P. will own a 10% or greater interest in Holdings as a result of its interest in this partnership.

**Wachovia.** Wachovia Capital Partners 2003, LLC, a North Carolina limited liability company, is a subsidiary of Wachovia Investors, Inc., a North Carolina corporation. The principal place of business of Wachovia Capital Partners 2003, LLC and Wachovia Investors, Inc. is One Wachovia Center, 301 South College Street, Charlotte, NC. Wachovia Investors, Inc., is a wholly owned subsidiary of Wachovia Corporation, a multi-bank holding company traded on the New York Stock Exchange under the WB symbol. Wachovia Capital Partners 2003, LLC, was created to own several investments on behalf of Wachovia Corporation. Wachovia Capital Partners 2003, LLC will hold approximately 16.5% of Holdings.

Wachovia Capital Partners, Inc. is a wholly-owned subsidiary of Wachovia Bank, N.A., a wholly owned subsidiary of Wachovia Corporation. Wachovia Capital Partners, Inc. will hold approximately 3.3% of Holdings. The address and principal place of business of Wachovia Capital Partners, Inc. and Wachovia Bank, N.A. is One Wachovia Center, 301 South College Street, Charlotte, NC. For additional information about Wachovia Corporation, please see its website at [www.wachovia.com](http://www.wachovia.com).

**Quadrangle.** Quadrangle Capital Partners LP, Quadrangle Select Partners LP and Quadrangle Capital Partners – A LP are limited partnerships organized under the laws of the State of Delaware. Their address is 375 Park Avenue, 14<sup>th</sup> Floor, New York, NY 10152. All three companies primarily invest in media and communications companies. The companies' capital is provided by their partners and general partner. Wachovia Investors, Inc., whose ownership in NewSouth is described elsewhere herein, is a limited partner of Quadrangle Capital Partners LP. None of the limited partners of the Quadrangle funds will own 10% or more of Holdings as a result of its interest in Quadrangle. Wachovia, of course, also holds an interest independent of its interest in Quadrangle.

Quadrangle GP Investors LP, a U.S. limited partnership, is the general partner of all three Quadrangle entities. The address of Quadrangle GP Investors LP is the same as Quadrangle. The managing members of Quadrangle GP Investors are: Peter Ezersky, Steven Rattner, Joshua Steiner and David Tanner.

### 3. DESIGNATED CONTACTS

The designated contacts for questions concerning this Application are:

**For Holdings:**

James J. Freeman  
Leila M. Baheri  
KELLEY, DRYE & WARREN, LLP  
1200 19<sup>th</sup> Street, N.W.  
Suite 500  
Washington, D.C. 20036  
Telephone: (202) 887-1228  
Fax: (202) 955-9792  
Email: [Lbaheri@kelleydrye.com](mailto:Lbaheri@kelleydrye.com)

**For Venture:**

Gregory Vogt  
Joshua S. Turner  
WILEY, REIN & FIELDING  
1776 K Street, N.W.  
Washington, D.C. 20006  
Telephone: (202) 719-3240  
Fax: (202) 719-7049  
Email: [gvogt@wrf.com](mailto:gvogt@wrf.com)

**For Wachovia [10%]**

Kristy Wallace  
Wachovia Capital Partners  
301 South College St.  
12<sup>th</sup> Floor, NC 0732

**MC Partners: [for 10%]**

James F. Wade  
M/C Venture Partners  
75 State St.  
Boston, MA 02119

**Quadrangle [for 10%]**

Kim Carlson  
Chief Administrative Officer  
375 Park Ave.  
14<sup>th</sup> Floor

Charlotte NC 28288-0732  
**Telephone:** (704) 715-8055  
**Fax:** (704) 715-6817

**Telephone:** (617) 345-7200 New York, NY 10152  
**Telephone:** (212) 418-1788  
**Fax:** (212) 418-1780

Copies of any correspondence relating to Holdings or NewSouth also should be sent to its following designated representative:

Kevin Hendricks  
NewSouth Communications Corp.  
Two North Main Street  
Greenville, SC 29601  
Telephone: (864) 672-5045 / Fax: (864) 672-5040  
Email: [khendricks@newsouth.com](mailto:khendricks@newsouth.com)

#### 4. DESCRIPTION OF THE TRANSACTION

Holdings proposes to issue a new Series A-1 Convertible Redeemable Participating Preferred Stock, par value not to exceed \$0.01 per share ("Preferred Stock") to the Investors, for a total aggregate investment of approximately \$62.5 million as part of a restructuring of Holdings. In addition, all existing shares of Holdings' Common and Preferred Stock and \$50 million face amount of outstanding subordinated notes will be cancelled and converted into shares of new Common Stock representing approximately 17% of the restructured ownership.

NewSouth also has \$80 million in outstanding bank loans under its existing credit agreement (the "Senior Secured Loan").<sup>5</sup> The restructuring contemplates a substantial reduction in the amount of the existing Senior Secured Loan. Proceeds from the new investments will be used to pay off \$30 million of the existing loan, \$25 million of the existing loan will be forgiven by the lenders and \$25 million will remain outstanding. The lenders under the existing bank debt will receive Common Stock of Holdings representing an aggregate of approximately 2% of Holdings' equity. The terms of the credit facility covering the remaining outstanding balance of

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<sup>5</sup> Where required, approval for NewSouth to incur the bank debt was sought and received.



the loan are being amended. Because the amendment reduces the amount of the loans and the applicable interest rate and the financial covenants are being relaxed, NewSouth believes that no further Commission review or approval of the amended and restated bank loan is required.

Ventures will invest \$20 million and hold newly created Preferred Stock and converted Common Stock<sup>6</sup> equal to approximately 36% of Holdings' voting interest, Wachovia will invest \$15 million and hold newly created Preferred Stock and converted Common Stock equal to approximately 23% of Holdings. MC Partners will invest \$15 million and hold newly created Preferred Stock representing approximately 19% of the voting interest in Holdings, and Quadrangle will invest up to \$12.5 million and hold newly created Preferred Stock representing approximately 16% of the voting interest in Holdings.<sup>7</sup>

In addition to the Investors' acquisition of a stock interest in Holdings,<sup>8</sup> upon the closing of the transaction contemplated by the Agreement, Holdings Board of Directors will be expanded to twelve persons. Each of the four Investors will be able to designate two (2) persons to the Board. The remaining four seats will be held by the Chief Executive Officer of Holdings and three additional Directors to be designated by a majority of the Investors. Other than with respect to the election of the Board of Directors, there is no agreement between the Investors to

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<sup>6</sup> Because Ventures and Wachovia are existing shareholders and own some of the subordinated debt, they will receive new Common Stock for those interests in addition to the new Preferred Stock they are purchasing.

<sup>7</sup> Because the precise amount of the final investments has not been completely decided, the percentages set forth in this Application represent the approximate interest that will be held by the Investors at the close of the transaction. The final percentages are not expected to vary significantly, if at all, from the percentages set forth herein.

<sup>8</sup> Holdings also will reserve an aggregate number of shares of Common Stock, representing approximately 14.2% of its fully-diluted Common Stock (the "Reserved Employee Stock"), for issuance upon exercise of new options to be issued to key employees, directors and consultants, as determined from time to time by the Board of Directors. The exercise of the options is not anticipated in the near future.

vote their shares together, and no Investor will have the right or ability to unilaterally control the day-to-day operations of Holdings.

The Investors will not be directly involved in the day-to-day operations of NewSouth. It is thus not contemplated that there will be significant changes in NewSouth's current management occasioned by this investment or the restructuring, and the current senior management is expected to continue to oversee the day-to-day operations of the company relying on its experienced professionals. Of course, over time there may be management changes as deemed appropriate by the Board of Directors.

## **5. PUBLIC INTEREST ANALYSIS**

Approving the transfer of control of NewSouth is in the public interest. After the consummation of the transactions described herein, NewSouth will continue to operate under its present name and operating authorities. The contacts for customer and Commission inquiries will remain the same for NewSouth after the transfer of control:

Jake Jennings  
Vice President Regulatory  
Greenville, SC 29601  
(Tel:) (864) 672-5000  
(Fax:) (864) 672-5040  
email: Jjennings@newsouth.com

The change in control will not result in a change in NewSouth's management, services, rates or tariffs. Thus, the transfer of control of Holdings will be transparent to customers and will not have any adverse impact on them. The only change will be in the ultimate ownership of NewSouth.

The additional funding, after paying off part of the secured indebtedness, and the financial stability that Ventures and the other investors will provide through this transaction will enhance NewSouth's ability to compete in the market for telecommunications services in

Tennessee and elsewhere. Over time, consumers in Tennessee should benefit from a greater number of product and service options as well as competitive prices resulting from the enhanced competition NewSouth will be able to provide.

**6. EXPEDITED TREATMENT**

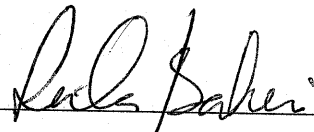
Holdings respectfully requests that the Commission consider the Company's Application on an expedited basis. The contemplated restructuring will infuse substantial cash amounts into NewSouth that will allow the company to continue providing competitive services throughout its operating territories. Any delay associated with securing regulatory approval could adversely affect the operations of NewSouth and thus deny customers the option of subscribing to the high quality services provided by NewSouth. Given the volatility of the financial markets, Applicant respectfully requests expedited treatment of this Motion so it may rapidly proceed with its financing efforts.

WHEREFORE, NewSouth Communications Corp., its parent, NewSouth Holdings, Inc., and NSHI Ventures LLC respectfully request that the Commission approve Ventures relinquishment of control of Holdings and NewSouth as described herein, on an expedited basis and for such other and further relief as may be necessary to carry out the transactions described herein.

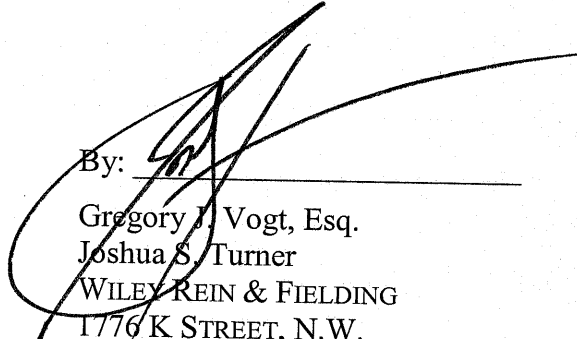
Respectfully submitted,

**NEWSOUTH COMMUNICATIONS CORP.**  
**NEWSOUTH HOLDINGS, INC. AND**

**NSHI VENTURES LLC**

By:   
James J. Freeman, Esq.  
Leila Baheri  
KELLEY DRYE & WARREN, LLP  
1200 19<sup>TH</sup> STREET, N.W.  
WASHINGTON, D.C. 20036

Its Attorneys

By:   
Gregory J. Vogt, Esq.  
Joshua S. Turner  
WILEY REIN & FIELDING  
1776 K STREET, N.W.  
WASHINGTON, D.C. 20006

Its Attorneys

Dated: February 6, 2003

## VERIFICATION

State of South Carolina:

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ss.

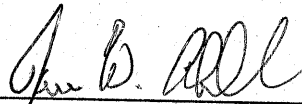
City of Greenville:

James W. Akerhielm, Affiant, being duly sworn/affirmed according to law, deposes and says that:

He is the President and Chief Executive Officer of NewSouth Holdings, Inc.;

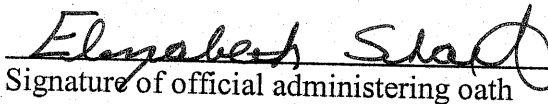
That he is authorized to and does make this affidavit for said corporation and its affiliate NewSouth Communications Corp.;

That the facts above set forth are true and correct to the best of his knowledge, information, and belief and that he expects said corporation to be able to prove the same at any hearing hereof.



\_\_\_\_\_  
President and Chief Executive Officer  
NewSouth Holdings, Inc.

Sworn and subscribed before me this 5<sup>th</sup> day of February, 2003.

  
\_\_\_\_\_  
Signature of official administering oath

My commission expires: 10/5/10

## VERIFICATION

State of California :

County

~~City of~~ San Mateo :

2-5-03

**SS.**

James H. Greene, Jr., Affiant, being duly sworn/affirmed according to law, deposes and says that:

He is the Chief Executive Officer of NSHI Ventures LLC.

That he/~~she~~ is authorized to and does make this affidavit for said entity;

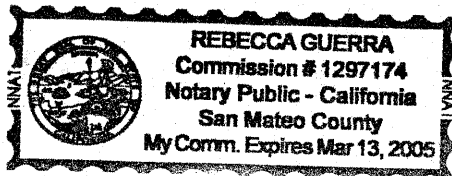
That the facts above set forth are true and correct to the best of his/~~her~~ knowledge, information, and belief and that he/~~she~~ expects said entity to be able to prove the same at any hearing hereof.

Name: James H. Greene, Jr.  
Title: Chief Executive Officer  
NSHI Ventures LLC

Sworn and subscribed before me this 5<sup>th</sup> day of February, 2003.

Signature of official administering oath

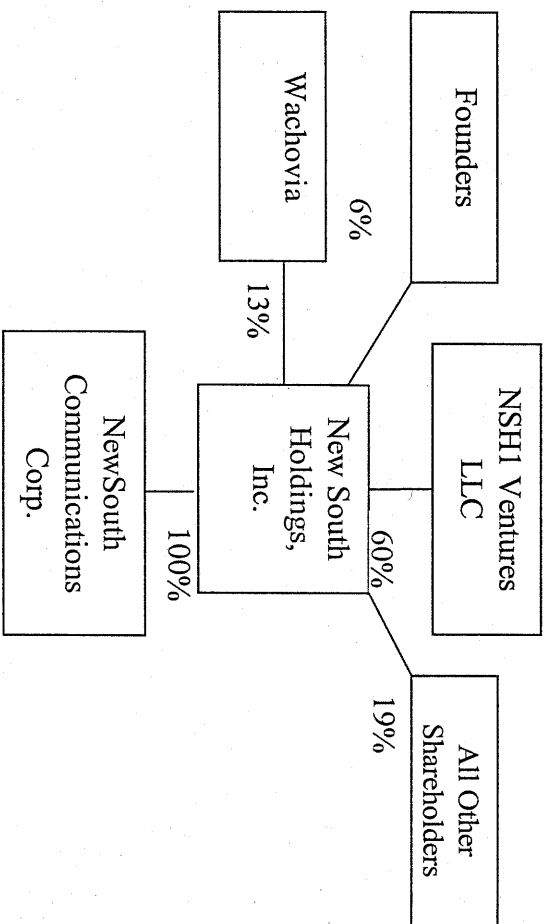
My commission expires: March 13, 2005



## **EXHIBIT 1**

# New South Holdings, Inc. Organizational Chart

**Before**



**After**

